

AGENDA
FREMONT REDEVELOPMENT AGENCY REGULAR MEETING
JUNE 9, 2009
7:00 P.M.

1. CALL TO ORDER

2. CONSENT CALENDAR

Items on the Consent Calendar are considered to be routine by the Redevelopment Agency and will be enacted by one motion and one vote. There will be no separate discussion of these items unless an Agency Member or citizen so requests, in which event the item will be removed from the Consent Calendar and considered in its normal sequence on the agenda. Additionally, other items without a "Request to Address the Redevelopment Agency Board" card in opposition may be added to the consent calendar. (In the report section of the agenda, consent items are indicated by an asterisk.)

2.1 Approval of Minutes – None.

3. PUBLIC COMMUNICATIONS

3.1 Oral and Written Communications

4. PUBLIC HEARINGS

4.1 FY 2009/10 REDEVELOPMENT AGENCY BUDGET SECOND PUBLIC HEARING AND ADOPTION

Second Public Hearing (Published Notice) and Consideration of Adoption of the FY 2009/10 Redevelopment Agency Budget and Approval of Project Appropriations Plan and Work Program for Redevelopment Projects

Contact Person:

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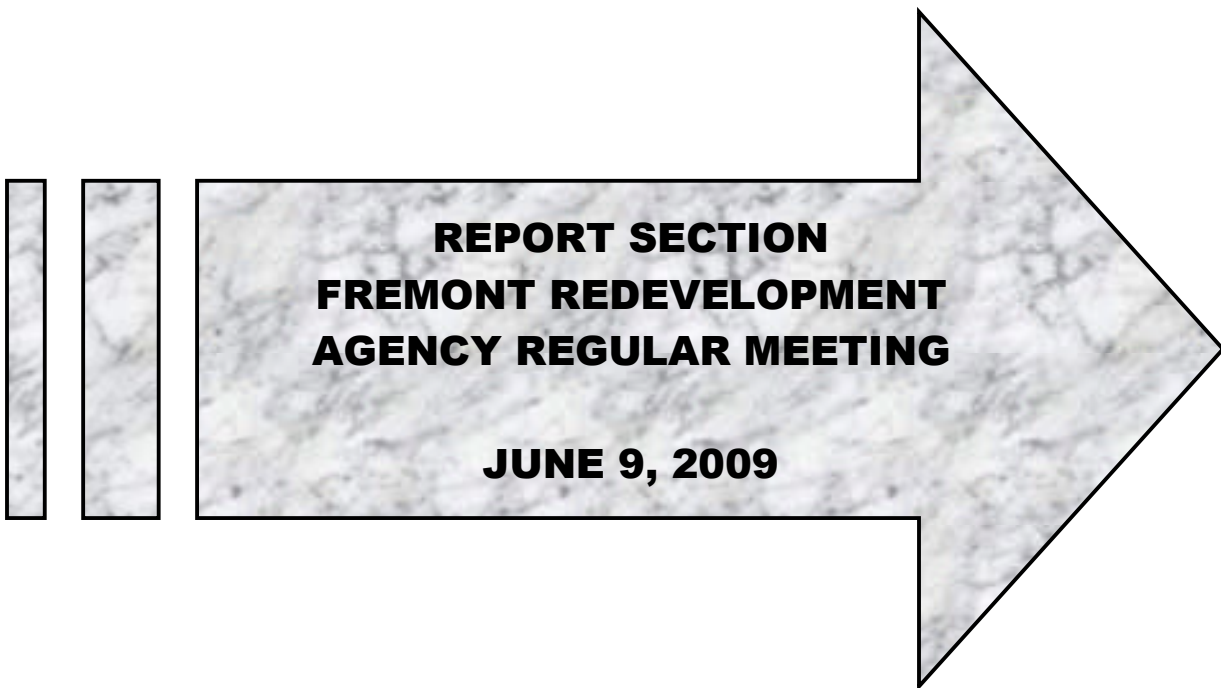
RECOMMENDATIONS:

1. Hold a public hearing.
2. Adopt a resolution approving the City of Fremont Redevelopment Agency's annual operating budget for FY 2009/10, approving appropriations as shown in the Project Appropriations Plan, making necessary findings regarding the Project Appropriations Plan and administrative activities for affordable housing activities, and approving the Agency's Work Program

5. OTHER BUSINESS

5.1 Report Out from Closed Session of Any Final Action

6. ADJOURNMENT



**REPORT SECTION
FREMONT REDEVELOPMENT
AGENCY REGULAR MEETING**

JUNE 9, 2009

4.1 FY 2009/10 REDEVELOPMENT AGENCY BUDGET SECOND PUBLIC HEARING AND ADOPTION

Second Public Hearing (Published Notice) and Consideration of Adoption of the FY 2009/10 Redevelopment Agency Budget and Approval of Project Appropriations Plan and Work Program for Redevelopment Projects

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Executive Summary: Pursuant to California Redevelopment Law, the Redevelopment Agency must formally adopt an annual budget. The Redevelopment Agency's budget is incorporated as a component of the City's budget document, for which a second public hearing is scheduled on tonight's City Council agenda. Staff recommends the Agency Board hold a public hearing on the Agency's FY 2009/10 annual budget, as required by State law, and adopt a resolution approving: (1) the annual operating budget for FY 2009/10; (2) the Project Appropriations Plan (for Redevelopment-funded projects in a form consistent with the City's Capital Improvement Program); (3) findings that the planning and administrative expenditures funded with Affordable Housing Fund monies are necessary for the Redevelopment Agency's low and moderate income housing work plan; and (4) the Agency Work Program. The first public hearing was held by the Agency Board on June 2, 2009.

BACKGROUND: California Redevelopment Law requires each redevelopment agency to prepare and adopt an annual budget. As in past years, the Redevelopment Agency's proposed budget resolution will adopt the City's budget policies for Redevelopment Agency use to the extent applicable and otherwise allowable by law. The Redevelopment Agency's budget is included for informational purposes in the City's operating budget document. This is more convenient than maintaining a separate document because the Redevelopment Agency's activities share a close relationship with those of the City.

Operating Budget: The operating budget (Exhibit 1) reflects revenues and expenditures for the Redevelopment Agency for FY 2009/10. Total property tax increment revenues are budgeted for FY 2009/10 at \$36.3 million. Pursuant to State law, 20% of the total property tax increment (\$7.3 million) will be set aside in the Affordable Housing Fund.

The total amount of proposed new project appropriations in FY 2009/10 is \$13.3 million for both housing and non-housing purposes. The Agency does not anticipate new appropriations for regional transportation projects and intends to invest the entire amount of FY 2009/10 non-housing appropriations in the project areas of Niles, Irvington, and Centerville.

For FY 2009/10, the Agency does not anticipate adding any new staffing for implementing its affordable housing programs and non-housing activities. With respect to the Redevelopment Agency debt, staff is monitoring the collection of tax increment to ensure that all bonds are repaid when the tax increment cap is reached (currently projected to be FY 2011/12). The Redevelopment Agency bonds contain call

provisions, beginning in FY 2006/07, to ensure that all bonded indebtedness is repaid prior to reaching the tax increment cap. All of the taxable housing bonds were called in FY 2008/09.

Project Work Program: The summary appropriations for redevelopment and affordable housing for FY 2009/10 of \$24,909,836 and \$6,307,329, respectively, include appropriations for the Redevelopment Agency's work program. The Project Work Program summaries for each subcategory are included below, and list projects for which the Redevelopment Agency is requesting new project appropriations for FY 2009/10. These are not complete lists of all previously funded Agency projects, and some previously funded projects, such as Phase 1B of the I-880/Mission Boulevard Interchange, and the Washington Boulevard Grade Separation, may still be underway. Project appropriations remain in effect for the duration of the project. The Agency Board reappropriates unused prior year operating budget amounts in each new fiscal year.

Due to the fact that the Agency anticipates reaching its Industrial Area revenue cap during FY 2011/12, many of the Agency's expenditures have been limited to completion of existing projects rather than undertaking new initiatives.

Non-Housing: This year's Project Work Program includes \$8.1 million of new, non-housing project appropriations. The Agency does not anticipate any new appropriations for regional transportation projects and intends to invest the entire amount of new FY 2009/10 non-housing appropriations in the historic districts of Centerville, Irvington and Niles. More detail about these new non-housing appropriations is included later in this report.

Housing: The Housing portion of the Project Work Program includes expenditures for affordable housing projects and programs that are funded in part by \$16.5 million in housing bonds issued by the Agency in June 2003.

Project Name	(Dollars in Thousands)		
	FY 2008/09 Appropriations	Estimated Actual 06/30/2009	Proposed FY 2009/10 Appropriations
Apartment Acquisition and Rehabilitation	\$ 200	\$ 200	\$ 200
First Time Home Buyer Program	1,000	1,000	1,000
Neighborhood Home Improvement Program	400	400	250
Preservation of Affordable Housing	300	100	100
Implementation of Inclusionary Housing Ordinance	0	200	200
New Construction of Affordable Housing	4,000	10,801	2,500
Opportunity Fund/Contingency	<u>500</u>	<u>500</u>	<u>1,000</u>
TOTAL	<u>\$6,400</u>	<u>\$13,201</u>	<u>\$5,250</u>

This year's Project Work Program includes \$5.3 million of new appropriations for housing. Of this, \$1.75 million will be committed to various ongoing programs and projects, including the First Time Homebuyer Program, the Neighborhood Home Improvement Program, and the Apartment Acquisition and Rehabilitation Program, as well as funding for preservation of existing affordable housing. An estimated \$2.5 million is available to support affordable housing developments, and \$1.0 million will be set aside for the opportunity fund/contingency account.

Redevelopment Agency Project Highlights: The Agency's established order of funding priorities is debt service, completion of affordable housing, regional transportation projects, and strategic investments in the historic districts. The proposed Project Work Program was developed in alignment with the Agency's adopted Five-Year Implementation Plan for the period of July 1, 2008 - June 30, 2013. The Five-Year Implementation Plan calls for investments in programs that attract new businesses and support performance of existing businesses in the project areas, enhance the appearance and function of private properties in project areas, invest in public infrastructure, and eliminate blight. A brief summary of the Work Program highlights follows.

Regional Transportation: Although no new appropriations are included for the Washington Boulevard Grade Separation project, this project remains a focus for the Agency and the City as the largest public works project in the City's history. Construction of the Washington Boulevard Grade Separation project commenced in May 2007, and is well underway, with completion anticipated by fall 2009, a year ahead of schedule. This project will facilitate traffic flow through the Irvington Redevelopment Area, facilitate the extension of BART to Warm Springs and San Jose, and support the revitalization of the commercial and retail areas in the Irvington district.

Strategic Investments in the Historic Districts

Centerville: The primary focus in the Centerville Area in recent years has been the assembly of the six-acre Centerville Unified Site as a public/private partnership development that will focus on creating a mix of uses and an architectural design consistent with the character of Centerville. The Agency has appropriated nearly \$16.9 million to assemble, remediate, and pay for public improvements associated with the site. Over the course of FY 2009/10, the Agency will continue its focus on this project by negotiating a disposition and development agreement with the developer, recommending a development plan to the Agency Board, and commencing the entitlement process for the new development.

Project Name	(Dollars in Thousands)		
	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Proposed FY 2009/10 Appropriations
Street and Sidewalk Improvements to Joseph Street	\$800	\$478	\$1,100
Peralta Blvd Utility Undergrounding	---	---	730
TOTAL	<u>\$800</u>	<u>\$478</u>	<u>\$1,830</u>

New appropriations in the Centerville Area dedicate \$1.1 million for funding of street and sidewalk improvements along Joseph Street, including the costs of right-of-way acquisition. Additionally, the Agency is proposing to invest \$730,000 for undergrounding of utilities on Peralta Boulevard.

Irvington: The Bay Street Streetscape and Parking Project is one of the cornerstones of Irvington's revitalization. Construction of the parking lot has been completed, and will be followed by utility undergrounding and streetscape improvements in FY 2009/10. This project will transform the street environment of a three-block stretch of Bay Street to support existing and create new commercial and residential mixed uses, and encourage investment in and around the Five Corners area.

Project Name	(Dollars in Thousands)		
	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Proposed FY 2009/10 Appropriations
Bay Street Streetscape and Public Parking	\$5,219	\$3,511	\$644
Greenbelt Gateway along Grimmer Boulevard	<u>300</u>	<u>33</u>	<u>330</u>
TOTAL	<u>\$5,519</u>	<u>\$3,544</u>	<u>\$974</u>

New appropriations in the Irvington Area for FY 2009/10 total \$974,000. These new appropriations will provide an additional \$644,000 for completing the utility undergrounding and streetscape improvements on Bay Street and an additional \$330,000 to develop a landscaped pedestrian and bike path for the Grimmer Boulevard Greenbelt Gateway project. This additional funding will be utilized for the development of the preliminary design, cost estimates and a construction phasing plan.

Niles: The Niles Town Plaza, or former Union Pacific (UP) property, remains the focal point of redevelopment efforts in the Niles Project Area. Approximately \$7.5 million has already been appropriated for property acquisition, environmental testing, and onsite remediation, which have all been completed since the 5.25-acre site was first envisioned as the future Niles Town Plaza in the heart of the historic commercial district. Utilizing previously allocated funding and a new appropriation of \$700,000, all work on the plaza is scheduled to be completed by fall 2009.

Project Name	(Dollars in Thousands)		
	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Proposed FY 2009/10 Appropriations
Niles Town Plaza Site Design, Development and Construction	\$7,471	\$4,609	\$ 700
Phase 2: UP Site Redevelopment	750	1	3,500
Niles Canyon Railway Pedestrian Access Way: Options and Design	450	259	500

Project Name	(Dollars in Thousands)		
	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Proposed FY 2009/10 Appropriations
Streetscape Improvements: H Street	200	—	150
Quarry Lakes/Niles Beach	4,075	4,065	60
Niles Blvd Roadway Improvements	250	—	44
Niles Historic Alleys	<u>50</u>	<u>11</u>	<u>10</u>
TOTAL	<u>\$13,246</u>	<u>\$8,945</u>	<u>\$4,964</u>

The single largest appropriation of \$3.5 million in FY 2009/10 for the Niles area is allocated to the redevelopment of UP Phase 2. Specifically, this funding is for the acquisition of two City-owned parking lots, remediation, and studying future development potential. Staff will also initiate a community participation process concerning Phase 2 redevelopment plans for the remainder of the former Union Pacific property and City-owned parking lots adjacent to the proposed Niles Plaza. A new appropriation of \$500,000 is proposed for the Niles Canyon Railway Pedestrian Crossing, in order to identify three crossing alternatives, assess feasibility and prepare cost estimates for the area between the Niles Canyon Railway platform and the Niles historic commercial core. Other appropriations include funding for the design of streetscape improvements along H Street and roadway improvements along Niles Boulevard.

All Redevelopment Project Areas: New appropriations requested for FY 2009/10, for all redevelopment project areas, total \$300,000. This new funding will be used to continue and complete work on the Redevelopment Plan Amendment to raise the current revenue cap on the collection of property tax increment from the Industrial Project Area.

Project Appropriations Plan: The Project Appropriations Plan serves much the same purpose for the Redevelopment Agency that the Capital Improvement Program (CIP) serves for the City. It is a method of authorizing appropriations for specific projects which remain in effect for the duration of the projects. The Project Appropriations Plan only includes projects with new appropriations requests. It is not a complete list of all Redevelopment Agency projects. The Project Appropriations Plan for FY 2009/10, described in some detail above, is summarized below:

Description	Proposed FY 2009/10 Appropriations (Dollars in Thousands)
Non-Housing:	
Centerville	\$1,830
Irvington	974
Niles	4,964
All Project Areas	<u>300</u>

Description	Proposed FY 2009/10 Appropriations (Dollars in Thousands)
Subtotal: Non-Housing	8,068
Housing	<u>5,250</u>
TOTAL	<u>\$13,318</u>

Findings Regarding the Project Appropriations Plan: No additional legal findings regarding Agency contributions to the cost of public improvements are required to be made this year. The Agency Board has already made the following findings for all of the affected projects included in the Project Appropriations Plan: (1) the improvements benefit the Redevelopment Project Area; (2) there is no other reasonable means of financing the improvements; and (3) the improvements will assist in the elimination of blight and are consistent with the Implementation Plan (Health & Safety Code Section 33445).

Findings Regarding Administrative Expenses for Affordable Housing Activities: The Redevelopment Agency Board must make a determination that planning and administrative expenses are necessary for the production, improvement, or preservation of low and moderate income housing (affordable housing). The total salaries, benefits, and operating expenditures of the proposed annual operating budget for the Affordable Housing Fund, including both direct project costs and administrative support costs, are \$1.01 million, which is approximately 16% of the \$6.3 million total proposed expenditures for operations, capital projects and programs. This is a necessary level of planning and administrative expenses to support Redevelopment Agency programs to produce, improve, and preserve affordable housing.

Planning and administrative expenditures for FY 2009/10 represent a slightly higher percentage of all project expenditures than in previous years because the Agency is in the process of completing two housing projects currently underway (Eden/Peralta senior housing development and Main Street Village project) and is not allocating any new funding to future projects, due to the financing constraints imposed by reaching the Industrial Area revenue cap in FY 2011/12. If the Plan Amendment goes into effect, the Agency will be able to dedicate significant additional resources for the production of affordable housing. As a result, the Agency's affordable housing planning and administrative expenditures will represent a significantly lower percentage of overall projects, consistent with previous years.

ENCLOSURES:

- [Draft Resolution](#)
- [Exhibit 1 – Redevelopment Agency Proposed Operating Budget FY 2009/10](#)
- [Exhibit 2 – Redevelopment Project Appropriations Plan FY 2009/10 Proposed](#)

RECOMMENDATIONS:

1. Hold a public hearing.
2. Adopt a resolution approving the City of Fremont Redevelopment Agency's annual operating budget for FY 2009/10, approving appropriations as shown in the Project Appropriations Plan, making necessary findings regarding the Project Appropriations Plan and administrative activities for affordable housing activities, and approving the Agency's Work Program.

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